

AMENDED IN SENATE MAY 2, 2005
AMENDED IN SENATE MARCH 29, 2005

SENATE BILL

No. 172

Introduced by Senator Torlakson

February 9, 2005

An act to amend ~~Section 188.5~~ of Sections 188.5, 30912, 30950.2, 30952, 30953, 30961, and 31010 of, and to add Sections 188.6, 30886, 30952.1, 30952.2, and 30954 to, the Streets and Highways Code, relating to transportation, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 172, as amended, Torlakson. ~~Seismic retrofit projects. Bay Area state-owned toll bridges: financing.~~

Existing law specifies the powers and duties of the Department of Transportation, the Metropolitan Transportation Commission, and the Bay Area Toll Authority with respect to the collection and expenditure of toll revenue from the state-owned toll bridges within the geographic jurisdiction of the commission. Under existing law, this toll revenue, other than revenue from the \$1 seismic surcharge, is deposited into the Bay Area Toll Account and controlled by the authority. Existing law requires the department and the authority to enter into a cooperative agreement that makes the department responsible for operating the bridges and for constructing improvements to the bridges financed by toll revenues. Existing law estimates the cost to seismically retrofit the state-owned Bay Area toll bridges and identifies funding to be made available for this purpose from various sources, including imposition of a \$1 seismic retrofit surcharge. Under existing law, this surcharge revenue is deposited into the Toll Bridge Seismic Retrofit Account for expenditure by the department

until completion of the seismic projects and payment of the bonds issued to finance those projects.

This bill would state the Legislature's findings that the amount identified for the seismic retrofit of the state-owned toll bridges is insufficient and would state its intent to identify additional funding sources for those projects. The bill would require the seismic retrofit surcharge to be paid to the authority and deposited into the Bay Area Toll Account, and would require the department to transfer to the authority, for deposit into that account, all revenue from the surcharge. The bill would continuously appropriate all seismic surcharge revenues in the account to the authority for purposes specified by law. The bill would authorize the authority to increase the seismic retrofit surcharge by \$1.

The bill would require the authority to amend its agreement with the department to specify the respective duties of each agency with respect to the seismic retrofit and other bridge construction projects. The bill would also require the authority and the department to form a Toll Bridge Program Board of Control to review those projects. The bill would require the department to report to the Legislature on those matters. The bill would impose various risk management duties on the department. By requiring the authority to perform additional duties, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

~~Existing law provides for the seismic retrofit of state-owned toll bridges. Under existing law, the Department of Transportation is required to report quarterly to the Legislature and the California Transportation Commission for each seismic retrofit project. Existing law specifies the powers and duties of the Department of Transportation, the Metropolitan Transportation Commission, and the Bay Area Toll Authority with respect to bay area state-owned toll bridge revenues and expenditures, including the revenues from the toll increase authorized by Regional Measure 1 of 1988.~~

~~This bill would require that these reports be submitted within 45 days after the end of each quarter and include a summary of the budget status for support and capital outlay construction costs. The bill would also require the department to take specified actions to manage the risks associated with the seismic retrofit projects.~~

~~Existing law requires the department and the Bay Area Toll Authority to enter into a cooperative agreement on mutually agreeable terms and conditions relative to the bay area state-owned toll bridges, including operation of the bridges by the department and the planning, design, and construction of improvements to the bridges paid by toll bridge revenues.~~

~~This bill would require the department and the authority to amend the cooperative agreement previously entered into under these provisions to provide various oversight and control responsibilities with respect to the Regional Measure 1 bridge toll program and the toll bridge seismic retrofit program. By imposing new duties on a local agency, the bill would impose a state-mandated local program.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 188.5 of the Streets and Highways Code
- 2 is amended to read:
- 3 188.5. (a) The Legislature finds and declares all of the
- 4 following:
- 5 (1) The department has determined that in order to provide
- 6 maximum safety for the traveling public and to ensure
- 7 continuous and unimpeded operation of the state's transportation
- 8 network, six state-owned toll bridges are in need of a seismic
- 9 safety retrofit, and one state-owned toll bridge is in need of a
- 10 partial retrofit and a partial replacement.

(2) The bridges identified by the department as needing seismic retrofit are the Benicia-Martinez Bridge, the Carquinez Bridge, the Richmond-San Rafael Bridge, the San Mateo-Hayward Bridge, the San Pedro-Terminal Island Bridge (also known as the Vincent Thomas Bridge), the San Diego-Coronado Bridge, and the west span of the San Francisco-Oakland Bay Bridge. The department has also identified the east span of the San Francisco-Oakland Bay Bridge as needing to be replaced. That replacement span will be safer, stronger, longer lasting, and more cost efficient to maintain than completing a seismic retrofit for the current east span.

(3) The south span of the Carquinez Bridge is to be replaced pursuant to Regional Measure 1, as described in Section 30917.

(4) The cost estimate to retrofit the state-owned toll bridges and to replace the east span of the San Francisco-Oakland Bay Bridge is four billion six hundred thirty-seven million dollars (\$4,637,000,000), as follows:

(A) The Benicia-Martinez Bridge retrofit is one hundred ninety million dollars (\$190,000,000).

(B) The north span of the Carquinez Bridge retrofit is one hundred twenty-five million dollars (\$125,000,000).

(C) The Richmond-San Rafael Bridge retrofit is six hundred sixty-five million dollars (\$665,000,000).

(D) The San Mateo-Hayward Bridge retrofit is one hundred ninety million dollars (\$190,000,000).

(E) The San Pedro-Terminal Island Bridge retrofit is sixty-two million dollars (\$62,000,000).

(F) The San Diego-Coronado Bridge retrofit is one hundred five million dollars (\$105,000,000).

(G) The west span of the San Francisco-Oakland Bay Bridge retrofit, as a lifeline bridge, is seven hundred million dollars (\$700,000,000).

(H) Replacement of the east span of the San Francisco-Oakland Bay Bridge is two billion six hundred million dollars (\$2,600,000,000).

(b) It is the intent of the Legislature that the following amounts from the following funds shall be allocated until expended, for the seismic retrofit or replacement of state-owned toll bridges:

1 (1) Six hundred fifty million dollars (\$650,000,000) from the
2 1996 Seismic Retrofit Account in the Seismic Retrofit Bond
3 Fund of 1996 for the seven state-owned toll bridges identified by
4 the department as requiring seismic safety retrofit or
5 replacement.

6 (2) One hundred forty million dollars (\$140,000,000) in
7 surplus revenues generated under the Seismic Retrofit Bond Act
8 of 1996 that are in excess of the amount actually necessary to
9 complete Phase Two of the state's seismic retrofit program.
10 These excess funds shall be reallocated to assist in financing
11 seismic retrofit of the state-owned toll bridges.

12 (3) Fifteen million dollars (\$15,000,000) from the Vincent
13 Thomas Toll Bridge Revenue Account.

14 (4) The funds necessary to meet both of the following:

15 (A) A principal obligation of two billion two hundred
16 eighty-two million dollars (\$2,282,000,000) from the seismic
17 retrofit surcharge, including any interest therefrom, imposed
18 pursuant to Section 31010, subject to the limitation set forth in
19 subdivision (c) and subdivision (b) of Section 31010.

20 (B) All costs of financing, including capitalized interest,
21 reserves, costs of issuance, costs of credit enhancements and any
22 other financial products necessary or desirable in connection
23 therewith, and any other costs related to financing.

24 (5) Thirty-three million dollars (\$33,000,000) from the San
25 Diego-Coronado Toll Bridge Revenue Fund.

26 (6) Not less than seven hundred forty-five million dollars
27 (\$745,000,000) from the State Highway Account to be used
28 toward the eight hundred seventy-five million dollars
29 (\$875,000,000) state contribution, to be achieved as follows:

30 (A) (i) Two hundred million dollars (\$200,000,000) to be
31 appropriated for the state-local transportation partnership
32 program described in paragraph (7) of subdivision (d) of Section
33 164, prior to its repeal by Chapter 622 of the Statutes of 1997, for
34 the 1998-99 fiscal year.

35 (ii) The remaining funds intended for that program and any
36 program savings to be made available for toll bridge seismic
37 retrofit.

38 (B) A reduction of not more than seventy-five million dollars
39 (\$75,000,000) in the funding level specified in paragraph (4) of

1 subdivision (d) of Section 164, prior to its repeal by Chapter 622
2 of the Statutes of 1997, for traffic system management.

3 (C) Three hundred million dollars (\$300,000,000) in
4 accumulated savings by the department achieved from better
5 efficiency and lower costs.

6 (7) Not more than one hundred thirty million dollars
7 (\$130,000,000) from the Transit Capital Improvement Program
8 funded by the Public Transportation Account in the State
9 Transportation Fund to be used toward the eight hundred
10 seventy-five million dollars (\$875,000,000) state contribution. If
11 the contribution in subparagraph (A) of paragraph (6) exceeds
12 three hundred seventy million dollars (\$370,000,000), it is the
13 intent that the amount from the Transit Capital Improvement
14 Program shall be reduced by an amount that is equal to that
15 excess.

16 (8) (A) The funds necessary to meet principal obligations of
17 not less than six hundred forty-two million dollars
18 (\$642,000,000) from the state's share of the federal Highway
19 Bridge Replacement and Rehabilitation (HBRR) Program.

20 (B) If the project costs exceed four billion six hundred
21 thirty-seven million dollars (\$4,637,000,000), the department
22 may program not more than four hundred forty-eight million
23 dollars (\$448,000,000) in project savings or other available
24 resources from the Interregional Transportation Improvement
25 Program, the State Highway Operation and Protection Program,
26 or federal bridge funds for that purpose.

27 (C) None of the funds identified in subparagraph (B) may be
28 expended for any purpose other than the conditions and design
29 features described in paragraph (9).

30 (9) The estimated cost of replacing the San Francisco-Oakland
31 Bay Bridge listed in subparagraph (H) of paragraph (4) of
32 subdivision (a) is based on the following conditions:

33 (A) The new bridge shall be located north adjacent to the
34 existing bridge and shall be the Replacement Alternative N-6
35 (preferred) Suspension Structure Variation, as specified in the
36 Final Environmental Impact Statement, dated May 1, 2001,
37 submitted by the department to the Federal Highway
38 Administration.

39 (B) The main span of the bridge shall be in the form of a
40 single tower cable suspension design and shall be the

1 Replacement Alternative N-6 (preferred) Suspension Structure
2 Variation, as specified in the Final Environmental Impact
3 Statement, dated May 1, 2001, submitted by the department to
4 the Federal Highway Administration.

5 (C) The roadway in each direction shall consist of five lanes,
6 each lane will be 12 feet wide, and there shall be 10-foot
7 shoulders as an emergency lane for public safety purposes on
8 each side of the main-traveled way.

9 (c) If the actual cost of retrofit or replacement, or both retrofit
10 and replacement, of toll bridges is less than the cost estimate of
11 four billion six hundred thirty-seven million dollars
12 (\$4,637,000,000), there shall be a reduction in the amount
13 provided in paragraph (4) of subdivision (b) equal to the
14 proportion of total funds committed to complete the projects
15 funded from funds generated from paragraph (4) of subdivision
16 (b) as compared to the total funds from paragraphs (6), (7), and
17 (8) of subdivision (b), and there shall be a proportional reduction
18 in the amount specified in paragraph (8) of subdivision (b).

19 (d) If the department determines that the actual costs exceed
20 the amounts identified in subparagraph (B) of paragraph (8) of
21 subdivision (b), the department shall report to the Legislature
22 within 90 days from the date of that determination as to the
23 difference and the reason for the increase in costs.

24 (e) Notwithstanding any other provision of law, the
25 commission shall adopt fund estimates consistent with
26 subdivision (b) and provide flexibility so that state funds can be
27 made available to match federal funds made available to regional
28 transportation planning agencies.

29 (f) For the purposes of this section, “principal obligations” are
30 the amount of funds generated, either in cash, obligation
31 authority, or the proceeds of a bond or other indebtedness.

32 ~~(g) The authority and the department shall amend the~~
33 ~~cooperative agreement required by Section 30952 to incorporate~~
34 ~~the following project oversight and control responsibilities~~
35 ~~relative to the Regional Measure 1 and toll bridge seismic retrofit~~
36 ~~programs:~~

37 ~~(1) The authority shall have budgetary authority over the~~
38 ~~Regional Measure 1 and toll bridge seismic retrofit programs,~~
39 ~~including establishing budgets for capital outlay and support~~

1 costs and approving contract change orders and claims and
2 adopting budget changes.

3 (2) The department shall develop specifications and bid
4 documents, shall issue bids, and shall award contracts for
5 construction and design services for the Regional Measure 1 and
6 seismic retrofit program projects. All contract specifications and
7 bid documents shall be reviewed and approved by the authority
8 prior to release. At the authority's option, the department shall
9 assign the development of specifications and bid documents to,
10 and the issuance of bids and the award of contracts to, the
11 authority or to another public entity as identified and approved
12 by the authority.

13 (3) The department shall be responsible for project design and
14 construction management for the Regional Measure 1 and
15 seismic retrofit program projects. The authority shall contract
16 with and oversee one or more private consulting firms to provide
17 those services. The authority's project oversight and control
18 process shall include, but not be limited to, reviewing bid
19 specifications and documents, providing field staff to review
20 ongoing cost and schedule estimating and scope control,
21 reviewing all change orders and claims, and preparing project
22 reports. The authority's project oversight and control services
23 shall be an eligible expense from all toll revenues levied pursuant
24 to ____.

25 (4) The authority and the department shall establish the Toll
26 Bridge Program Board of Control, which shall include the
27 Director of Transportation or designee and the authority's
28 executive director or designee. The Toll Bridge Program Board
29 of Control shall review and approve key program staff, project
30 staffing structures, and consultant and contractor services related
31 to the Regional Measure 1 and toll bridge seismic retrofit
32 programs. The Toll Bridge Program Board of Control shall
33 establish a program management oversight group, which shall
34 include an authority program director and a department program
35 director. The oversight group shall meet regularly to review
36 project status, review program costs and schedules, resolve
37 project issues, evaluate project changes, and provide program
38 direction, and shall report to the Toll Bridge Program Board of
39 Control.

~~(5) The department shall provide quarterly reports to the Legislature, and monthly reports to the authority, including, but not limited to, the construction status, actual expenditures, and forecasted costs and schedules for each of the Regional Measure 1 and seismic retrofit program projects. All reports provided by the department to the Legislature shall first be reviewed and approved by the Toll Bridge Program Board of Control.~~

~~(h)~~

(g) To ensure that the department manages the risks associated with the toll bridge seismic retrofit projects, the department shall, at minimum, take all of the following actions:

(1) Establish a comprehensive risk management plan that clearly defines roles and responsibilities for risk management and addresses the process by which it will identify and quantify project risks, implement and track risk response activities, and monitor and control risks throughout the duration of the project.

(2) Quantify the effect of identified risks in financial terms.

(3) Develop and maintain documents to track identified risks and related mitigation steps.

(4) Regularly update its estimates of capital and support costs.

(5) Regularly reassess its reserves for potential claims and unknown risks, incorporating information related to risks identified and quantified through its risk assessment processes.

(6) Regularly integrate estimates for capital, support costs, and contingency reserves into a programwide report.

(7) Submit quarterly status reports to the Legislature.

(8) Ensure that reports to the Federal Highway Administration and others reflect current data and provide an accurate representation of the project's status.

(9) When key events occur, quickly inform the Legislature and others describing the effects of these key events on the project's overall budget and schedule.

~~(i)~~

(h) (1) Commencing January 1, 2004, and quarterly thereafter until completion of all applicable projects, the department shall provide quarterly seismic reports within ~~45~~ 30 days of the end of each quarter to the transportation committees of both houses of the Legislature and to the commission for each of the toll bridge seismic retrofit projects in subdivision (a).

(2) The report shall include details of each toll bridge seismic retrofit project and all information necessary to clearly describe the status of the project, including, but not limited to, all of the following:

(A) A progress report.

(B) The baseline budget for support and capital outlay construction costs that the department assumed at the time that Chapter 907 of the Statutes of 2001 was enacted.

(C) The current or projected budget for support and capital outlay construction costs.

(D) Expenditures to date for support and capital outlay construction costs.

(E) A comparison of the current or projected schedule and the baseline schedule that was assumed at the time that Chapter 907 of the Statutes of 2001 was enacted.

(F) A summary of milestones achieved during the quarterly period and any issues identified and actions taken to address those issues.

(3) The report described in paragraph (1) shall also include a programwide summary of the program's budget status for support and capital outlay construction costs.

(j)

(i) (1) Commencing on January 1, 2004, and quarterly thereafter until completion of all applicable projects, the department shall provide quarterly seismic reports to the transportation committees of both houses of the Legislature and to the commission for other seismic retrofit programs.

(2) The reports shall include all of the following:

(A) A progress report for each program.

(B) The program baseline budget for support and capital outlay construction costs.

(C) The current or projected program budget for support and capital outlay construction costs.

(D) Expenditures to date for support and capital outlay construction costs.

(E) A comparison of the current or projected schedule and the baseline schedule.

(F) A summary of milestones achieved during the quarterly period and any issues identified and actions taken to address those issues.

SEC. 2. Section 188.6 is added to the Streets and Highways Code, to read:

188.6. (a) (1) The Legislature finds and declares that on August 16, 2004, the department reported to the Legislature that the funds identified in Section 188.5 are insufficient to complete the state toll bridge seismic retrofit program, including the replacement of the east span of the San Francisco-Oakland Bay Bridge, due to cost overruns for the program estimated at three billion two hundred twenty million dollars (\$3,220,000,000). The department now estimates the program's overruns at three billion five hundred thirty-eight million dollars (\$3,538,000,000).

(2) In its August 2004 Toll Bridge Seismic Safety Retrofit Program Report to the Legislature and the Governor, the department estimated that of the current cost increases on the east span, 53 percent or one billion three hundred forty-eight million dollars (\$1,348,000,000) was attributed to the Self-Anchored Suspension (SAS) design. Subsequently, the Business, Transportation and Housing Agency released the findings of a study the agency had obtained through a contract with a private consultant that concluded that the cost attributed to the SAS design amounted to 53.2 percent of the toll bridge retrofit program's overrun costs. In addition, the December 2004 audit report of the Bureau of State Audits on the Toll Bridge Seismic Safety Retrofit Program concluded that one billion three hundred forty-eight million dollars (\$1,348,000,000) of the program's overrun costs were attributable to the SAS component of the bridge work, including nine hundred thirty million dollars (\$930,000,000) for the superstructure bid on the SAS.

(3) By enacting this section, it is the intent of the Legislature to identify additional funds from various sources, as described in subdivision (b), in order to fund this shortfall and so that the program may proceed without further costly delay.

(b) It is the intent of the Legislature that funding to eliminate the shortfall identified in subdivision (a) shall be derived from all of the following sources:

(1) Consolidating and refinancing existing toll revenues by the Bay Area Toll Authority and authorizing an additional one dollar (\$1) toll on the state-owned toll bridges within the geographic jurisdiction of the Metropolitan Transportation Commission commencing on January 1, 2009, in order to generate not less

1 *than one billion eight hundred seventy-five million dollars*
2 *(\$1,875,000,000) in additional resources for the program.*

3 *(2) Funding the cost of demolition of the existing east span of*
4 *the San Francisco-Oakland Bay Bridge from the state highway*
5 *operations and protection program, thereby reducing the project*
6 *shortfall by an estimated three hundred million dollars*
7 *(\$300,000,000).*

8 *(3) Funding the remaining one billion three hundred*
9 *sixty-three million dollars (\$1,363,000,000) from revenues from*
10 *the issuance of a general obligation bond.*

11 *(c) If the amount of the overruns estimated by the department,*
12 *as described in subdivision (a), is less than three billion five*
13 *hundred thirty-eight million dollars (\$3,538,000,000), the*
14 *savings shall be shared between the state and the authority in the*
15 *same proportion as their proportional contribution to the*
16 *estimated overruns costs, as provided in this section.*

17 *(d) If the amount of the overruns exceed the amount estimated*
18 *by the department, as described in subdivision (a), the authority*
19 *shall use the powers granted to it by the act amending this*
20 *section in the 2005-06 Regular Session to provide additional*
21 *financial resources to complete the state toll bridge seismic*
22 *retrofit program.*

23 *SEC. 3. Section 30886 is added to the Streets and Highways*
24 *Code, to read:*

25 *30886. To maximize the availability of funding necessary to*
26 *complete the state toll bridge seismic retrofit program, to more*
27 *efficiently manage the toll revenues from the toll bridges located*
28 *within the region under the jurisdiction of the commission, and to*
29 *expeditiously complete the seismic retrofit and replacement of*
30 *the toll bridge facilities identified in paragraph (2) of subdivision*
31 *(a) of Section 188.5, it is necessary and in the public's interest to*
32 *consolidate the financial management of all of the toll revenues*
33 *that are imposed by Sections 30916 and 31010 and that the Bay*
34 *Area Toll Authority manage all of those toll revenues.*

35 *SEC. 4. Section 30912 of the Streets and Highways Code is*
36 *amended to read:*

37 *30912. (a) Revenue derived from tolls on all bridges may be*
38 *expended, subject to the adopted annual budget of the authority,*
39 *for any of the following purposes:*

40 *(1) Safety and operational costs, including toll collection.*

(2) Costs of bridge construction and improvement projects, including seismic retrofit and replacement projects, and including debt service and sinking fund payments on bonds issued by the authority for those projects. The repayment of any advances from other state funds may be made from the toll revenue or bond proceeds.

(b) The revenue determined by the authority as derived from the toll increase approved in 1988, and authorized by Section 30917 for class I vehicles on the San Francisco-Oakland Bay Bridge shall be used, to the extent specified in paragraph (4) of subdivision (a) of Section 30914, for the construction of rail extensions specified in Section 30914 or for payment of the principal of, and interest on, bonds issued for those projects, including payments into a sinking fund maintained for that purpose.

(c) Maintenance of the bridges specified in Section 30910 shall be funded in accordance with procedures for funding maintenance of the southern bridge unit during the 1986–87 fiscal year.

SEC. 5. Section 30950.2 of the Streets and Highways Code is amended to read:

30950.2. (a) The authority is responsible for the programming, administration, and allocation of all toll revenues, except revenues from the seismic retrofit surcharge, from state-owned toll bridges within the geographic jurisdiction of the Metropolitan Transportation Commission. After completion of the seismic projects and payment or provision for the payment of all bonds issued for the seismic projects, the authority may assume responsibility for the programming, administration, and allocation of the revenue derived from the seismic retrofit surcharge, at which time those revenues shall be deposited in the Bay Area Toll Account.

(b) Revenues from the seismic retrofit surcharge from state-owned toll bridges within the geographic jurisdiction of the Metropolitan Transportation Commission shall remain pledged to repay bonds secured by the seismic retrofit surcharge issued by the California Infrastructure and Economic Development Bank in 2003 under Chapter 4.6 (commencing with Section 31070) until these bonds are defeased. This subdivision shall become inoperative when those bonds are no longer outstanding,

1 *as that term is defined in the constituent instruments defining the*
2 *rights of the holders of those bonds.*

3 *SEC. 6. Section 30952 of the Streets and Highways Code is*
4 *amended to read:*

5 30952. (a) The department shall collect tolls, operate,
6 maintain, and provide rehabilitation of all bridges described in
7 Section 30910, including toll facilities, and be responsible for the
8 design and construction of improvements on those bridges in
9 accordance with programming and scheduling requirements
10 adopted by the authority. The department and the authority shall
11 enter into a cooperative agreement upon terms and conditions
12 that they shall deem mutually agreeable, including, without
13 limitation, provisions for the department to provide for the
14 operation of the bridges and the planning, design, and
15 construction of improvements to the bridges paid for by revenues
16 from tolls collected.

17 (b) *The authority and the department shall amend the*
18 *cooperative agreement required by subdivision (a) to incorporate*
19 *the project oversight and control responsibilities described in*
20 *this subdivision relative to the Regional Measure 1, as described*
21 *in Section 30917 and hereafter referred to as RM 1, and the state*
22 *toll bridge seismic retrofit programs.*

23 (1) *The authority has budgetary authority over the RM 1 and*
24 *the state toll bridge seismic retrofit program, including*
25 *establishing budgets for capital outlay and support costs and*
26 *approving contract change orders and claims and adopting*
27 *budget changes.*

28 (2) *The department shall develop specifications and bid*
29 *documents and issue bids and award contracts for construction*
30 *and design services for the RM 1 and the state toll bridge seismic*
31 *retrofit program projects. All contract specifications and bid*
32 *documents shall be reviewed and approved by the authority prior*
33 *to their release. At the authority's option, the department shall*
34 *assign the development of specifications and bid documents and*
35 *the issuance of bids and the award of contracts to the authority*
36 *or to another public entity, as identified and approved by the*
37 *authority.*

38 (3) *The department shall be responsible for project design and*
39 *construction management for the RM 1 and the state toll bridge*
40 *seismic retrofit program projects. The authority shall implement*

1 a project oversight and project control process for each of the
2 RM 1 and the state toll bridge seismic retrofit program projects
3 and may contract with, and oversee, one or more private
4 consulting firms to provide these services. The authority's project
5 oversight and control process shall include, but not be limited to,
6 reviewing bid specifications and documents, providing field staff
7 to review ongoing cost and to schedule estimating and scope
8 control, reviewing all change orders and claims, and preparing
9 project reports. The authority's expenses incurred for project
10 oversight and control services may be reimbursed by toll revenue
11 collected pursuant to Section 30916 or 31010.

12 SEC. 7. Section 30952.1 is added to the Streets and Highways
13 Code, to read:

14 30952.1. (a) The authority and the department shall establish
15 a Toll Bridge Program Board of Control, which shall consist of
16 the director and the authority's executive director.

17 (b) The Toll Bridge Program Board of Control shall review
18 and approve key program staff, project staffing structures, and
19 consultant and contractor services related to the Regional
20 Measure 1, as described in Section 30917, and state toll bridge
21 seismic retrofit programs.

22 (c) The Toll Bridge Program Board of Control shall establish
23 a Program Management Oversight Group, which shall include
24 an authority program director and a department program
25 director. The Program Management Oversight Group shall meet
26 regularly to review project status, program costs, and schedules;
27 resolve project issues; evaluate project changes; develop and
28 regularly update cost estimates, risk assessments, and cash flow
29 requirements for all phases of the project; and provide program
30 direction. The Program Manager Oversight Group shall report
31 to the Toll Bridge Program Board of Control.

32 SEC. 8. Section 30952.2 is added to the Streets and Highways
33 Code, to read:

34 30952.2. (a) The department shall provide quarterly reports
35 within 30 days of the end of each quarter to the Legislature and
36 monthly reports to the authority, including, but not limited to, the
37 construction status, actual expenditures, and forecasted costs
38 and schedules for each of the Regional Measure 1, as described
39 in Section 30917, and state toll bridge seismic retrofit program
40 projects. All reports provided by the department to the

1 *Legislature shall be reviewed and approved by the Toll Bridge*
2 *Program Board of Control.*

3 *(b) The Toll Bridge Program Board of Control shall, on a*
4 *quarterly basis, present to, and consult with, the California*
5 *Transportation Commission on the status of the state toll bridge*
6 *seismic retrofit program. The board shall present updated cost*
7 *estimates and a detailed funding plan for the completion of the*
8 *program to the commission. The commission shall advise the*
9 *board on strategies to complete the program as expeditiously as*
10 *possible while limiting the program's impact on other statewide*
11 *transportation programs.*

12 *SEC. 9. Section 30953 of the Streets and Highways Code is*
13 *amended to read:*

14 ~~30953. Except for the revenues from the seismic retrofit~~
15 ~~surcharge, toll~~ *Toll revenues and all other income derived from*
16 *bridges pursuant to Chapter 4 (commencing with Section 30910)*
17 *shall be deposited in the Bay Area Toll Account, which is hereby*
18 *created.*

19 *SEC. 10. Section 30954 is added to the Streets and Highways*
20 *Code, to read:*

21 *30954. Subject to subdivision (b) of Section 30950.2, the*
22 *department shall transfer to the authority for placement into the*
23 *Bay Area Toll Account all revenues, interest earned, and existing*
24 *fund balances collected on or before that date on the bridges*
25 *pursuant to Chapter 4 (commencing with Section 30910). All*
26 *revenue from the seismic retrofit surcharge in the account is*
27 *continuously appropriated to the authority for the purposes*
28 *authorized by law.*

29 *SEC. 11. Section 30961 of the Streets and Highways Code is*
30 *amended to read:*

31 *30961. Toll bridge revenue bonds shall be issued pursuant to*
32 *a resolution adopted at any time, and from time to time, by the*
33 *authority by a majority vote of all members of the authority.*

34 *(a) The authority may from time to time issue bonds in*
35 *accordance with the Revenue Bond Law of 1941 (Chapter 6*
36 *(commencing with Section 54300) of Part 1 of Division 2 of Title*
37 *5 of the Government Code), for the purpose of constructing,*
38 *improving, or equipping any of the bridges or for any of the*
39 *purposes authorized by this chapter, Chapter 4 (commencing*
40 *with Section 30910), or Chapter 4.5 (commencing with Section*

31000). Operation of the bridges or any grouping or units thereof shall constitute an “enterprise” within the meaning of Section 54309 of the Government Code, and the authority shall constitute a “local agency” within the meaning of Section 54307 of the Government Code. Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the Government Code shall not apply to the issuance and sale of bonds pursuant to this chapter. Instead, the authority shall authorize the issuance of bonds by resolution, and that resolution shall specify all of the following:

- (1) The purposes for which the bonds are to be issued.
- (2) The maximum principal amount of the bonds.
- (3) The maximum term for the bonds or commercial paper.
- (4) The maximum rate of interest to be payable upon the bonds or commercial paper. That interest rate shall not exceed the maximum rate specified in Section 53531 of the Government Code. The rate may be either fixed or variable and shall be payable at the times and in the manner specified in the resolution.

(b) The authority shall keep full and complete accounts for toll revenues and expenses of the toll bridges and shall annually prepare balance sheets showing the financial condition of the entire toll bridge enterprise as well as toll revenues and operating costs for each toll bridge. The accounts and related reports shall be maintained and prepared in accordance with generally accepted accounting practices and shall be subject to an annual audit conducted by an independent certified public accountancy firm licensed to practice in the state.

(c) The authority may issue toll bridge revenue bonds to provide the department with sufficient funds to combine with the unspent proceeds of outstanding bonds issued by the California Infrastructure and Economic Development Bank under Chapter 4.6 (commencing with Section 31070) to establish that those bonds are no longer outstanding, as that term is defined in the constituent instruments defining the rights of the holders of those bonds.

SEC. 12. Section 31010 of the Streets and Highways Code is amended to read:

31010. (a) There is hereby imposed a seismic retrofit surcharge equal to one dollar (\$1) per vehicle for passage on the

~~bay-area~~ *Bay Area state-owned toll bridges, except for vehicles that are authorized toll-free passage on these bridges.*

~~(b) Funds generated by subdivision (a) may not be used to repay nontoll revenues committed to fund projects identified in paragraph (2) of subdivision (a) of Section 188.5. Following the date of the submission of the final report required in subdivision (d) of Section 188.5, funds generated pursuant to subdivision (a) that are in excess of those needed to meet the toll commitment as specified by paragraph (4) of subdivision (b) of Section 188.5; including annual debt service payments, if any, required to support the commitment, and other elements required to meet the obligations of the department's financing plan, shall be available to the authority for funding, consistent with Sections 30913 and 30914, the purposes and projects described in those sections. The department shall transfer to the authority on an annual basis the funds made available to the authority under this subdivision.~~

(c) Funds generated pursuant to subdivision (a) shall be paid to the authority directly and deposited in the Bay Area Toll Account pursuant to Section 30950.2 and shall constitute revenues of the tolls imposed on the bridges described in Section 30910 for all purposes of Chapter 4.3 (commencing with Section 30950).

(d) Funds generated pursuant to subdivision (a) shall remain available to repay bonds issued by the California Infrastructure and Economic Development Bank in 2003 under Chapter 4.6 (commencing with Section 31070) until they are no longer outstanding, as that term is defined in the constituent instruments defining the rights of the holders of those bonds. This subdivision shall become inoperative when the bonds are no longer outstanding, as that term is defined in the constituent instruments defining the rights of the holders of those bonds.

~~(e) (1) There shall be no increase in—The department may increase the amount of the seismic retrofit surcharge beyond the level identified in subdivision (a) for the purposes identified in paragraph (4) of subdivision (a) of Section 188.5, except that the department shall have the authority to increase the seismic retrofit surcharge for debt service purposes only if the bank finds and the Department of Finance confirms that both of the following apply:~~

~~(A) Circumstances on the bonds issued by the California Infrastructure and Economic Development Bank in 2003 under Chapter 4.6 (commencing with Section 31070) and only for as long as those bonds are outstanding if circumstances exist that have resulted in a reduction in the funds generated by subdivision (a) so as to jeopardize the payment of debt service for which toll revenues are authorized on those bonds. This subdivision shall become inoperative when those bonds are no longer outstanding due to their retirement or defeasance.~~

~~(B) Bonds issued under Chapter 4.3 (commencing with Section 30950) shall not be impaired solely by action taken under this section, as evidenced by confirmation of the then existing ratings on those bonds, by the rating agencies then rating the bonds.~~

~~(2) The requirement for the funding described in subparagraph (B) of paragraph (1) shall not apply if the voters approve an increase in the toll rate pursuant to subdivision (b) of Section 30921.~~

~~(d) The term of the financing plan developed by the department under Section 31071, for the purposes of funding the projects described in Sections 30913 and 30914, is extended for a period of 30 years commencing on January 1, 2008.~~

~~(e) This section shall remain in effect only until the date that the California Transportation Commission notifies the Secretary of State that sufficient funds have been generated to meet the obligations identified in paragraph (4) of subdivision (b) of Section 188.5, and repayment of any outstanding debt secured by tolls, and as of that date is repealed. The California Transportation Commission shall provide the notice described in this subdivision upon making the determination set forth in this subdivision.~~

~~(f) (1) For the purpose of completing the state toll bridge seismic retrofit program described in Section 188.5, the authority may increase by one dollar (\$1) the amount of the seismic retrofit surcharge identified in subdivision (a).~~

~~(2) The authority shall hold at least two public meetings at least 45 days before taking any action pursuant to paragraph (1) to increase the amount of the seismic retrofit surcharge.~~

1 (3) *The authority may reduce the amount of the seismic retrofit*
2 *surcharge described in paragraph (1) to encourage electronic*
3 *toll payment.*

4 (g) *Notwithstanding any other provision of law, the amount of*
5 *the seismic retrofit surcharge shall not exceed the amount*
6 *required to pay for, or finance, costs of the state toll bridge*
7 *seismic retrofit program as described in Section 188.5.*

8 ~~SEC. 2.~~

9 SEC. 13. If the Commission on State Mandates determines
10 that this act contains costs mandated by the state, reimbursement
11 to local agencies and school districts for those costs shall be
12 made pursuant to Part 7 (commencing with Section 17500) of
13 Division 4 of Title 2 of the Government Code.